WHAT IS CLAIMED IS:

- 1. A diffraction laser encoder apparatus for positional and movement information measurement of a target having a diffraction grating made thereon, said apparatus comprising:
 - a laser light source for generating a source beam;
- a polarization beam splitter assembly comprising a polarization beam splitter for receiving said source beam for splitting a P-polarization component and an S-polarization component of said source beam into parallel and offset beams;

a focusing lens assembly comprising a focusing lens for focusing said P-polarization component and said S-polarization component beams onto said target diffraction grating and returning diffracted P-polarization and diffracted S-polarization beams back into said polarization beam splitter for generating a detector beam coaxially containing said diffracted P-polarization and said diffracted S-polarization beams; and

- a detector assembly for receiving said detector beam for electrical processing and analysis for resolving into said positional and movement information.
- 2. The diffraction laser encoder apparatus of claim 1, wherein said polarization beam splitter assembly further comprises:
- a P-polarization reflector means, comprising a P-polarization quarter-wave plate and a planar reflector; said P-polarization component of said source beam leaving said polarization beam splitter, passing through said P-polarization quarter-wave plate, reflected by said planar reflector and passing through said P-polarization quarter-wave plate again and reentering said polarization beam splitter.
- 3. The diffraction laser encoder apparatus of claim 1, wherein said polarization beam splitter assembly further comprises:

an S-polarization reflector means, comprising an S-polarization quarter-wave plate and a corner cube reflector; said S-polarization component of said source beam leaving said polarization beam splitter, passing through said S-polarization quarter-wave plate, reflected and offset by said corner cube reflector and passing through said S-polarization quarter-wave plate again and reentering said polarization beam splitter.

5

10

15

20

4. The diffraction laser encoder apparatus of claim 1, wherein said focusing lens assembly further comprising a reflector mirror positioned at the back focal point of said focusing lens.